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National Intelligence Bulletin

State Department review completed

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October 11, 1975

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Approved For Release 2005/04/28 : CIA-RDP79T00975A028200010035-0

Approved For Release 2005/04/28 : CIA-RDP79T00975A028200010035-0

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LEBANON

The Bulletin presents the major judgments of an interagency memorandum, "Lebanon at the Crossroads," October 10, 1975.

The spiraling cycle of violence in Lebanon has thrown the country's traditional political system seriously out of balance and has brought Lebanon the nearest it has been to national collapse.

The need for fundamental changes in the 1943 National Covenant, which provides for a distribution of political posts that favors the Christians over the country's Muslim majority, is the central issue in the crisis. Whether the country drifts further into chaos depends primarily on some immediate concessions by the Christian leadership to the moderate Muslims' demands for greater political power, and a scaling down of leftist reform proposals.

The principal stumbling block to a workable compromise appears to be the continued intransigence of the Muslim extreme leftists and Christian Phalanges leader Pierre Jumayyil. The extreme leftists, abetted by the more radical Palestinian fedayeen "rejectionists," are seeking to overturn the traditional political system through violence and see little reason to stop now. Jumayyil, on the other hand, is seeking to preserve the status quo and is making it difficult for the traditional Muslim and Christian leaders to cooperate by his refusal to discuss any changes in the 1943 Covenant.

If the "Committee for a National Dialogue" fails to reconcile soon some of the competing demands of Muslims and Christians and the extremist groups are not curbed, the situation is likely to disintegrate into even more widespread violence leading to all-out civil war.

Prolonged civil strife carries a high risk of military intervention by Syria and Israel, and the possible dismemberment of the country.

Thus far, Israel has reacted with restraint, and Syria, along with Palestine Liberation Organization leader Yasir Arafat, has attempted to play an active mediating role. No major Lebanese Christian or Muslim leader appears deliberately bent on provoking Syrian or Israeli intervention, and no leader is actively seeking partition of the country.

A return to public order in the short term is dependent largely on the ability of Syria and the less radical fedayeen organizations to curb the small but dangerous extremist groups, restraint by Jumayyil's Phalangist militia, and a curbing of arms supplies to both Muslim and Christian elements.

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A joint Arab military force reportedly has been proposed by moderate Lebanese Christian and Muslim leaders to enforce a truce while a political compromise is negotiated. Such a force will be difficult to organize and deploy very soon, and the effectiveness of such a force, if it materialized, would be questionable.

A sense of national self-interest may overcome divisive forces, as it has in past Lebanese crises, but Lebanon is clearly at a central crossroads. In the short term, the Muslims probably will not curb their demands for basic modifications in the Covenant and the Christians may not agree to compromise under the duress of continued fighting.

Even if compromise is achieved, the prospect for any quick return to stability is bleak. The formal government has shown no ability to exercise effective authority during the current crisis or to utilize the army to provide basic security. The communal tensions that have been inflamed over the past six months will not easily subside. Over the longer term, a more ideological division may develop within the country as moderate Christians and Muslims gravitate toward their more militant co-religionists.

The Soviet Union has kept a wary eye on the turmoil in Lebanon, but Moscow has not sought to aggravate tensions. The Soviets apparently hope that the Lebanese crisis can be ended through political and social concessions that will enhance the position of the left. If civil war were to erupt and Syrian and Israeli intervention occurred, the Soviets could be expected to seek—probably in conjunction with the US—to isolate and end the crisis. [REDACTED]

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PORTUGAL

The Popular Democratic Party yesterday called on President Costa Gomes to give up his post as armed forces chief of staff, claiming this would aid the government's effort to assert its authority and restore discipline in the military.

Popular Democratic leader Francisco Sa Carneiro, whose party colleagues were fired on earlier this week by extreme leftist soldiers in Porto, said that if it is not ended soon, military insubordination may topple the government and lead to civil war.

Sa Carneiro, who blamed the present situation on the Communists, made his comments at a press conference which coincided with a marathon joint meeting of the Revolutionary Council and the cabinet called to consider appropriate measures to deal with the crisis.

The joint session followed a meeting of the cabinet which issued a strong statement on the seizure earlier this week of the artillery regiment in Porto and the incidents of violence surrounding it. The cabinet:

- strongly condemned the violence and announced that it would prosecute the "supporters of minority political groups" responsible for it;
- refuted Communist Party charges that the Popular Democratic Party had provoked the violence;
- criticized the biased coverage of the Porto events by the Communist-influenced press;
- announced the replacement of the leftist leadership in the Bank of Portugal. This is a vital step in implementing a realistic economic policy and a clear indication that Prime Minister Azevedo is still intent on reducing Communist influence, despite the current turmoil.

The government's determination to end the violence and indiscipline will be greatly aided if it can assemble the military intervention force announced two weeks ago. The Lisbon press reported yesterday that a reinforced commando regiment will

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be the backbone of the new force. The 900-man regiment will absorb an initial 400 commandos now on reserve status, but the reactivation of 1,000 has already been approved. As many as four companies of marines might also be added, bringing the potential strength of the force to as much as four battalions of 400 men each.

Despite the government's determination, the disorder continues. The Porto artillery regiment remains in the hands of extreme left soldiers, and some reports said 150 radical military police have gone to Porto to reinforce the dissidents.

Porto was the scene of further violence last night when followers of the Reorganizing Movement of the Proletariat Party attacked the headquarters of another far-left group. The attack was in retaliation for the murder of a party leader in Lisbon earlier this week.

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PORTUGAL

The Bulletin publishes an intelligence alert memorandum entitled "Portugal: A New Crisis of Authority," October 10, 1975.

The Azevedo government is caught in a crisis of authority that threatens its continued viability. It would be premature to count out Azevedo and the moderates, but they face some critical challenges. Growing political instability stems from several sources:

- The subversive activities and demonstrations of the Portuguese Communist Party and far-left groups.
- Worsening economic and social problems, which are exacerbated by the influx of Angolan refugees.
- The most critical is the politicization and breakdown of discipline in the armed forces on a far more serious scale than ever before.

The chance of widespread violence is enhanced by the inability of the Lisbon government to impose order.

many of the army units in Lisbon—with the exception of the commandos—appear to sympathize with various leftist groups. North of Lisbon, the army tends to support the government, but even there dissident far-left organizations, such as Soldiers United Will Overcome, have been able to subvert the orders of commanders in some units. The southern military region is divided and probably would not play a major role in a conflict.

The closely knit navy generally follows a leftist line. Only the marines, whose political sympathies are divided, have the capacity to respond to a challenge to the government. The air force generally is considered the most conservative of the services, but a few leftist sergeants with access to aircraft could sabotage a service response to civil violence or a coup attempt. Neither the police nor the national guard, even though they may support the government, can effectively maintain order in a crisis since both groups are under armed. Government efforts to establish a new security force to replace the radical-infiltrated continental operations command have so far enjoyed scant success.

Despite the Portuguese Communist Party's recent setback with the ouster of its ally, former prime minister Goncalves, and its reduced role in the new government, it continues to be a powerful force and maintains a disproportionately strong

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influence in the media in Lisbon and within organized labor. Although the Communists are still nominally participating in the government, they are at the same time supporting demonstrations against it and fomenting unrest in the military. It is the far left, however, that has been most active in staging protests and forcing confrontations that have led in some cases to violence. An exacerbating factor is the ample supply of arms which communists and far-left groups have at their disposal.

About 175,000 Angolan refugees have returned to Portugal. Most are politically conservative and hostile to leftist military and civilian leaders who they believe sold out their interests in Africa. Many have small arms. Their frustration will deepen as the government is unable to handle their problems and they may feel they have little to lose in challenging the government. The refugees, many of whom have roots in the north, could, along with other conservative northerners, form an explosive force for conflict with leftist elements.

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The present volatile situation could lead in any of several directions. At present reading, the first alternative appears more likely, at least for the near term.

--The present government, or one like it, could survive. To consolidate its position, however, it would have to gain greater control over the armed forces.

--This poses a dilemma: if it tries harsher measures, as its recent statements suggest, it may encounter added resistance and indiscipline. If it seeks to conciliate by relaxing military discipline, it will legitimize dissidence in the armed forces, making for further violence and instability in the longer term.

--There could be the return of a more radical government, either of a pro-communist nature such as the Goncalves regime, or of the far left with leaders such as security chief General Otelio Saraiva de Carvalho or Admiral Antonio Rosa Coutinho. The communists would support either government and would certainly regain considerable influence. Such a regime would probably face renewed anti-communist violence in the north and separatism in Atlantic island possessions. Economic aid would not be forthcoming from the West.

--Large-scale civil disorder, involving segments of the civilian population and opposing military units, may occur, fueled by the widespread arming of civilians of all political persuasions and the disunity of the military. Although this violence could eventually deteriorate into a civil war, it would be more likely to evolve to the point where a leftist government is nominally in power in Lisbon with a state of anarchy in other parts of the country.

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--An attempted rightist takeover by forces within Portugal and/or by expatriates based primarily in Spain is possible. The chances that this could be successful are extremely limited due to a lack of arms, personnel, funds, and popular support in Portugal.

The Portuguese talent for last-minute accommodation to avoid final showdowns may once again reassert itself and head off any decisive resolution of these uncertainties, at least for a time. The Azevedo government and the moderate elements in the armed forces and political parties still have assets—including a majority of popular support. But the tendencies toward disintegration of institutions—especially the armed forces and the government's control over them—make the outlook more uncertain than ever.

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WEST GERMANY

West German officials are apprehensive that the Soviet - East German treaty signed this week has ominous implications for West Berlin.

Their major concern is with Article 7, which distorts the language of the Quadripartite Agreement of 1971 to give the impression that East German and Soviet relations with West Berlin are on the same footing as those between West Germany and that city.

There are no indications that the treaty presages a new Soviet - East German pressure campaign against West Berlin. Bonn, however, believes that East Germany and the USSR will increasingly try to bypass the Federal Republic and deal directly with the authorities in West Berlin. Both have long attempted to reduce Bonn's influence there, while enlarging their role in order to increase the city's dependence on them.

The Soviet ambassador in Bonn has told the political director in the Foreign Office that West Germany should be pleased with the new treaty because—unlike the pact of 1964—it does not describe West Berlin as an “independent political entity.” The West Germans believe that the language used does, in fact, mean the same thing.

The allied ambassadors in Bonn, in response to a West German request, have agreed ad referendum to issue a brief statement that the treaty does not affect four-power rights and responsibilities for either Berlin or Germany. It is likely that Paris and London will join Washington in approving the statement.

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USSR

General Secretary Brezhnev had a full schedule of activities this week. He participated in various functions for visiting East German party boss Honecker, spoke at the celebration of the 250th anniversary of the Academy of Sciences, and on Friday received Syrian President Asad. His activities received extensive TV coverage, and on all occasions his image in the media was that of a vigorous and busy leader.

According to the US embassy in Moscow, Western diplomats who saw him at close range were impressed by his gait and demeanor, as well as by his overall physical appearance and relative clarity of speech. His performance appeared far superior to that noted in Helsinki at the end of July.

The embassy cautions, however, that a certain element of stage management may have been present, since most of Brezhnev's public appearances were relatively brief. He was absent from the East German reception for Honecker on October 7 despite the fact that *Pravda* reported his attendance. Brezhnev may have been resting after his appearance at the Academy of Sciences celebration earlier that day. He seemed to be in ebullient spirits the next morning when he saw Honecker off at the airport.



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ISRAEL

Prime Minister Rabin and Defense Minister Peres privately indicated to a group of visiting foreign officials this week that Tel Aviv is looking for a way to coax Syria into active negotiations with Israel.

Rabin referred to Syrian restraint since the signature of the Golan Heights disengagement agreement early last year. He reportedly cited Syria's refusal to allow Palestinian guerrillas to infiltrate across the Golan into Israel as evidence that Damascus has rejected the military option and said a way should be found to give it another alternative option.

The Prime Minister did not say what he might have in mind, except to indicate he thought only US-mediated negotiations could succeed. Rabin claimed Moscow would try to prevent US-broker talks but that it was up to Washington to decide whether or not to risk a dispute with the Soviets by proceeding with a Golan peace initiative.

Rabin thought Damascus had not yet decided on its course of action. He speculated that the Syrians would probably approach Washington toward the end of the month to explore potential negotiating topics. In a speech earlier this week, Syrian President Asad insisted that any talks on the Golan must be accompanied by parallel talks on the Palestinian question with the PLO.

Defense Minister Peres told the group in a subsequent session that the government would probably make some unilateral gesture on the Golan in order to encourage the Syrians to take a more flexible negotiating posture. Peres claimed it would be minor in nature and different from the unilateral thinning of Israeli forces in the Sinai in June.

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Rabin's statements to the group probably were made with an eye to impressing his foreign audience with Tel Aviv's sincerity in seeking a settlement with Syria. Rabin—like Peres—remains deeply suspicious of Syrian intentions. He seems persuaded there is little hope for an early interim agreement.

Nevertheless, there is genuine concern among the top Israeli leadership that Tel Aviv should explore the negotiating possibilities with Syria so as not to jeopardize the 1974 disengagement agreement and, possibly, the durability of the Sinai agreement with Egypt.

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LIBYA

President Qadhafi struck a defensive but determined posture this week in his first major policy speech since an abortive coup in early August. He talked openly about the attempt against him, attributing it mainly to personal vengeance.

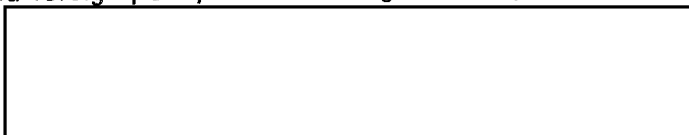
The overall thrust of Qadhafi's remarks, however, suggests that he recognizes a deeper problem. He revealed indirectly, for example, that tribal politics, foreign policy differences, and conflicts over domestic priorities were behind dissension within the regime.

Qadhafi did not blame the military for the defections of a few, emphasizing instead that the armed forces would continue to be the guiding force in Libyan political life. He praised the Free Officers—a loose organization of some 60 officers who participated in the 1969 coup—and announced that they would lead a new national congress. The congress presumably is to be made up of civilian interest groups, such as trade unions, professional organizations, and popular committees.

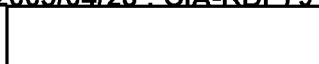
Qadhafi also warned of a major shake-up in Libya's sole political party, the Arab Socialist Union. The party's secretary general, Major Bashir Hawadi, was one of the main leaders of the attempted coup. Qadhafi did not refer to Hawadi or the other putschists by name, nor did he mention the fate of their membership in the Revolutionary Command Council. Although the council has been totally discredited as a ruling body, Qadhafi apparently feels uneasy about abolishing it publicly.

Throughout the speech, Qadhafi showed a new defensiveness. He spent considerable time justifying his foreign aid program to many inward-looking and racially conscious Libyans, who resent his assistance to Black Africa and far-off Muslim causes. At one point the Libyan leader told his audience that "Libya was the most miserly country in the world and I am ashamed"; but he did promise that Tripoli's economic interest would come first. He also tried to allay fears of a large Soviet presence in Libya, denying in strong terms that he had granted Moscow base rights.

In general, Qadhafi seems to have been sobered but not shaken by the coup attempt. He appears to be more aware of his vulnerabilities, but to be intent on protecting himself against them. His attempt to explain his policies—an effort he has rarely made in the past—suggests he recognizes that his arbitrariness and neglect of parochial interests are part of the problem. But he apparently believes he can continue both his domestic and foreign policy course as long as his major prop—the military—is firmly behind him.



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VIETNAM

Recent statements by the Vietnamese communists suggest that they may refuse to accept the 1,600 refugees scheduled to leave Guam next Friday to return to Vietnam. State/INR believes that, on the contrary, Saigon's recent statements indicate that it will accept the refugees, although with reluctance.

Communist media in recent days have attacked the plan, and broadcasts from Hanoi and Saigon claim that authorizing the refugees' return is a "sovereign right of Vietnam" and should not be settled simply "according to the desires" of the US. A Saigon Foreign Ministry statement on October 4 stated that those desiring to return would be considered on a "specific case" basis. It called on the refugees to "protect themselves" by being "aware of the enemy plot" and to "unite in struggling against the adventurous US act."



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Since their takeover of Saigon in April, the communists have refused to accept any former citizens into the country, with the exception of a few orphaned Vietnamese children who had been evacuated to Laos and some merchant seamen who returned on two commandeered boats. Attempts by both Red Cross and UN refugee officials to clarify Vietnamese policy have failed to produce results. Officials from these organizations have concluded that the matter is not high on the communists' list of priorities.



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BRAZIL

President Geisel announced on October 9 that foreign oil companies would be allowed to sign exploration and production contracts with Petrobras, the state oil monopoly. By his action, which was triggered in part by the latest OPEC price hike, Geisel has at least temporarily resolved a nationwide debate over ending or modifying Petrobras' 22-year monopoly in domestic oil exploration and production activities.

Brazil depends chiefly on imports from the Middle East to meet its petroleum needs. Substantial increases in oil prices during the past year and a half have already made a dent in the nation's foreign exchange holdings and contributed to inflation. The effect of the announced plan, however, will not be felt for at least several years.

Geisel, who headed Petrobras prior to becoming president, has long favored a more aggressive exploration program aimed at self-sufficiency in petroleum production. Early this year he asked Minister of Mines and Energy Ueki to prepare a draft proposal permitting foreign firms to sign contracts with Petrobras, but the idea was shelved temporarily in response to a predominantly negative reaction from government circles. The President apparently feels that now is a propitious time to act.

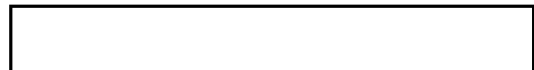
While he will probably incur some criticism from both military and civilian nationalists, his recent decision to de-emphasize the goal of political liberalization has improved his political standing among conservative elements. Moreover, he can point out that the activities of foreign oil companies will be closely controlled and Petrobras retains its legal monopoly of domestic oil operations, except for retail sales.

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